

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

NOTICE OF CLASSIFICATION AND PRICE  
ADJUSTMENTS FOR PICTURE PERMIT  
IMPRINTS

Docket No. R2012-7

**REPLY COMMENTS OF THE UNITED STATES POSTAL SERVICE**

(April 23, 2012)

In Order No. 1302, the Postal Regulatory Commission set April 17 as the deadline for comments on the United States Postal Service's proposal to establish classification and prices for mailers who wish to include picture permit imprint indicia on their mailings. In response, four parties submitted comments.<sup>1</sup> The Postal Service wishes to respond primarily to the comments of the National Postal Policy Council and the Major Mailers Association (NPPC/MMA Comments), which ask the Commission to reject the charges for picture permit imprint indicia.<sup>2</sup>

The NPPC/MMA comments support a picture permit classification, but at no charge. As NPPC/MMA stresses, there was no charge for a few customers who participated in testing of the new indicia during the past year. But, it is not uncommon to conduct operational testing to explore operations, administrative, and other issues,

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<sup>1</sup> Public Representative Comments (April 16, 2012), and three April 17, 2012 pleadings: Comments of the Association for Postal Commerce (PostCom Comments); Comments of the National Postal Policy Council and the Major Mailers Association (NPPC/MMA Comments); and Comments of Stamps.com.

<sup>2</sup> Many of these reply comments also apply to the PostCom Comments, which criticize the Postal Service proposal, but do not ask the Commission to reject it.

without charging for new features. Furthermore, it is the nature of operational testing for some mailpieces not to be processed properly, and for participants to incur additional costs.<sup>3</sup> Thus, adding a new charge during the testing would be unwarranted and premature.

In this instance, testing was needed to ensure that the use of images in the indicia area would have no impact on the acceptance, processing, or delivery of the mail. The testing did in fact find that certain indicia format did not process properly, and the requirements have been adjusted accordingly.

The NPPC/MMA Comments oppose charging for the picture permit indicia, even after testing ends. But the arguments rely on economic and policy judgments, from the perspective of mailers who wish to minimize the postage they pay. Postal Service management has come to a different conclusion, and believes that the charges are a reasonable price to pay for the value mailers receive when mail is more likely to attract the recipient's attention because it contains a picture in the indicia area.<sup>4</sup> The pricing does not violate any legal requirements in the Postal Accountability and Enhancement Act (PAEA), and thus properly is the Postal Service's decision.

## **Conclusion**

The Postal Service appreciates the opportunity to comment on the issues

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<sup>3</sup> While some mailers might switch from pre-canceled stamps to picture permit imprint indicia, during testing participants converted from regular permit imprint indicia to picture permit imprint indicia. The Postal Service expects that the latter conversion will be the most common practice for new picture permit imprint indicia customers.

<sup>4</sup> Some comments criticize the Postal Service for surprising mailers with these prices. NPPC/MMA Comments at 1, 6; PostCom Comments at 1. But the Postal Service recalls informing mailers that the indicia, if offered after testing, likely would have a charge.

raised by the NPPC/MMA Comments. We agree with the Public Representative that picture permit imprint indicia is an example of the “innovative solutions for mailers” that the Postal Service plans to continue pursuing.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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